

PERPETUAL'S POOLED SUPERANNUATION TRUST

Annual Report

ANNUAL REPORT
YEAR ENDED 30 JUNE 2019
Perpetual Superannuation Limited
ABN 84 008 416 831 AFSL 225246 RSE L0003315

Perpetual 

DIRECTORY

TRUST

Perpetual's Pooled Superannuation Trust (PST)
ABN 89 544 906 125
RSE R1057027

ISSUER AND TRUSTEE

Perpetual Superannuation Limited (Trustee)
ABN 84 008 416 831
AFSL 225246
RSE L0003315

CONTACT DETAILS

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IMPORTANT NOTES AND DISCLAIMER

This Annual Report (Report) provides the fund information required under the Corporations Act 2001 and has been prepared by the Trustee in September 2019 for unitholders in the PST. In this Report, 'we', 'us', 'our' and 'Perpetual Superannuation' are references to the Trustee.

The information is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. The information is believed to be accurate at the date this Report was prepared and is provided by the Trustee in good faith. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. Investment in the PST is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

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DIRECTORS' MESSAGE

Dear Unitholder

On behalf of the Trustee of Perpetual's Pooled Superannuation Trust, we are pleased to present the PST's Annual Report for the year ended 30 June 2019.

This Report should be read in conjunction with your Annual Statement for the year ended 30 June 2019, which provides specific details of your investment in the PST.

This Report brings you up to date with relevant details relating to the PST, including the investment options available to unitholders.

Thank you for entrusting us to look after your fund's investments.

Directors, Perpetual Superannuation Limited

PRODUCT UPDATE

REISSUE OF PRODUCT DISCLOSURE STATEMENT (PDS)

The PDS for Perpetual's Pooled Super Trust was reissued on 1 March 2019.

You can download the current PDS (including any PDS updates), together with any incorporated documents, from our website or obtain a copy, free of charge, by contacting us or your adviser.

LATEST INFORMATION ABOUT FEES AND COSTS

The current PDS includes all direct and indirect annual fees and estimated costs (based on the previous financial year) as at the date of the PDS. The following details for subsequently completed financial years are published annually on our website:

- investment fee
- estimated indirect cost ratio
- estimated transactional and operational costs.

INVESTMENT INFORMATION

TRUSTEE'S INVESTMENT OBJECTIVE

The Trustee's investment objective is to provide a number of investment options to trustees of complying superannuation funds, approved deposit funds and certain other funds which comply with the Superannuation Industry (Supervision) Act 1993 (SIS) and its regulations, from which they can select investments that are suitable for their fund's investment portfolio at any particular time.

TRUSTEE'S INVESTMENT STRATEGY

The Trustee's investment strategy is to provide a number of investment options with different risk/return profiles.

The investment options offer unitholders diversification across different asset classes, regions and markets.

INVESTMENT OPTIONS

All investment options are fully invested in underlying managed investment schemes (underlying funds).

Relevant details for each of the investment options available to PST unitholders are provided on pages 4-5 of this Report, including:

- investment objective
- risk level
- investment guidelines
- commencement date
- option size
- total annual investment fees and estimated indirect costs
- investment performance
- asset allocations.

Full details of the investment options are contained in the current PDS, which is available at our website or by calling us.

The latest available performance figures and fund sizes (updated each month) may be obtained from our website or by calling us.

Investment performance has been calculated using unit prices net of any annual investment fees and estimated indirect costs and tax of up to 15%. Care should be exercised in relying on past performance. Past performance is not indicative of future performance.

The Trustee may add, vary or withdraw investment options at its discretion.

DERIVATIVES

The underlying funds may use derivatives to manage risks in the share and bond markets and to manage asset exposure to particular investment sectors or markets. While derivatives may be used for trading purposes, they are generally not used to gear investments. Please refer to the current Product Disclosure Statement (PDS) for full details on how derivatives are used in managing the underlying funds.

INVESTMENT MANAGERS

Perpetual Investment Management Limited (ABN 18 000 866 535, AFSL 234426) (PIML) is the investment manager appointed by the Trustee to manage the various asset classes within the investment options as at 30 June 2019. PIML is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827) and part of the Perpetual Group.

The Trustee may add, delete or replace investment managers at its discretion.

OBTAINING UPDATED DETAILS ON THE INVESTMENT OPTIONS

INVESTMENT DETAILS

From time to time, some of the information in the PDS about the investment options may change. This includes details such as their:

- investment objective
- investment approach and
- investment guidelines (eg asset allocation ranges).

Visit our website for up-to-date investment option information, together with the latest available investment performance details. Alternatively, such information may be accessed by contacting us.

FEES AND COSTS

You should refer to the current PDS and any updated information provided on our website for the most recent details relating to annual fees and costs.

BUY/SELL SPREADS

Transaction costs are normally reviewed at least annually. This review may result in changes to the buy/sell spreads on various investment options.

The current buy/sell spreads as at September 2019 are as follows.

INVESTMENT OPTION	BUY/SELL SPREAD
Industrial Share	0.30%/0.00%
Global Share	0.54%/0.00%
Balanced Growth	0.34%/0.00%
Smaller Companies Share	0.30%/0.00%

Visit our website (or contact us) for details of the current buy/sell spreads at any time.

INVESTMENT OPTION DETAILS

INVESTMENT OPTION NAME	INDUSTRIAL SHARE			GLOBAL SHARE		
Investment objective	Aims to: <ul style="list-style-type: none"> provide long-term capital growth and regular income through investment in quality industrial shares outperform the S&P/ASX 300 Industrials Accumulation Index (before fees and taxes) over rolling three-year periods. 			Aims to: <ul style="list-style-type: none"> provide long-term capital growth through investment in quality global shares outperform the MSCI World Net Total Return Index (AUD) (before fees and taxes) over rolling three-year periods. 		
Risk level¹	7 – Very high			7 – Very high		
Investment guidelines	Industrial shares ²	90-100%		International shares ³	75-100%	
	Cash	0-10%		Cash ⁴	0-25%	
Commencement date	July 1995			December 1996		
Option size as at 30 June 2019	\$66.6 million			\$13.5 million		
Total annual investment fees and estimated indirect costs for year ended 30 June 2019	1.12%			1.78% (includes 0.00% performance-related fee charged in the underlying fund)		
Investment performance (net earnings) % pa (see page 3 for further information)	Year ended 30 June	Tax paid return		Year ended 30 June	Tax paid return	
	2017		14.1%	2017		18.3%
	2018		6.5%	2018		14.2%
	2019		4.6%	2019		9.8%
	Compound average returns to 30 June 2019			Compound average returns to 30 June 2019		
	3 years		8.3%	3 years		14.0%
	5 years		6.3%	5 years		12.3%
10 years		10.4%	10 years		10.1%	
Since inception		11.2%	Since inception		6.3%	
Asset allocations	As at 30 June	2018	2019	As at 30 June	2018	2019
	Industrial shares	94%	94%	International shares	86%	85%
	Cash	6%	6%	Australian shares	1%	0%
				Cash	13%	15%
INVESTMENT OPTION NAME	BALANCED GROWTH			SMALLER COMPANIES SHARE (CLOSED)		
Investment objective	Aims to: <ul style="list-style-type: none"> provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments outperform a composite benchmark reflecting its allocation to the various asset types over rolling three-year periods. 			Aims to: <ul style="list-style-type: none"> provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index outperform the S&P/ASX Small Ordinaries Accumulation Index (before fees and taxes) over rolling three-year periods. 		
Risk level¹	6 – High			7 – Very high		
Investment guidelines	Australian shares ⁵	10-50%		Australian smaller company shares ⁹	80-100%	
	International shares ⁵	10-50%		Cash	0-20%	
	Property	0-15%				
	Fixed income ⁶	0-45%				
	Cash and enhanced cash ⁷	0-30%				
	Other assets ⁸	0-30%				
Commencement date	August 1998			June 1998		
Option size as at 30 June 2019	\$4.5 million			\$5.6 million		
Total annual investment fees and estimated indirect costs for year ended 30 June 2019	1.31%			1.48%		
Investment performance (net earnings) % pa (see page 3 for further information)	Year ended 30 June	Tax paid return		Year ended 30 June	Tax paid return	
	2017		8.8%	2017		14.2%
	2018		6.7%	2018		9.9%
	2019		7.7%	2019		2.1%
	Compound average returns to 30 June 2019			Compound average returns to 30 June 2019		
	3 years		7.7%	3 years		8.6%
	5 years		6.4%	5 years		8.6%
10 years		8.5%	10 years		12.1%	
Since inception		7.1%	Since inception		12.8%	
Asset allocations	As at 30 June	2018	2019	As at 30 June	2018	2019
	Australian shares	30%	30%	Australian shares	91%	85%
	International shares	25%	28%	Cash	9%	15%
	Property	5%	6%			
	Fixed income	13%	12%			
	Cash and enhanced cash	11%	7%			
	Other assets	16%	17%			

- 1 The risk level represents the Standard Risk Measure (SRM), which is based on industry guidance to allow fund members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of the negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

The SRMs for the investment options may change over time for various reasons, including as a result of reviews of the underlying capital market assumptions that are used in their calculation and future changes to asset allocations by the investment manager. Any changes to SRMs at any time will be available at our website.

Fund members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

- 2 The underlying fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 10% exposure to shares listed on or proposed to be listed on any recognised global exchange. Currency hedges may be used from time to time.

- 3 Currency hedging can be used with the aim of protecting the value of the underlying fund's assets.
- 4 Cash may be held in Australian dollars (AUD) or foreign currencies.
- 5 This investment option may gain its exposure to Australian shares by investing in one or more underlying Australian share funds. Where the underlying fund invests in the Perpetual Australian Share Fund, that fund invests primarily in shares listed on or proposed to be listed on any recognised Australian exchange but may have up to 20% exposure to shares listed on or proposed to be listed on any recognised global exchange. The investment guidelines showing the underlying fund's maximum investment in international shares do not include this potential additional exposure. Underlying Australian share funds may use short positions as part of their investment strategy. Currency hedges may be used from time to time.
- 6 The underlying fund may invest in fixed income funds that allow gearing.
- 7 Cash investments include discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans. Cash provides a relatively consistent rate of return in the form of regular interest payments, generally in line with short-term interest rates and is widely considered the lowest investment risk.
- Enhanced cash investments include cash investments, fixed income instruments, hybrids, loans and other income generating securities. The maturity dates of investments are typically longer than cash and they may have a lower credit rating than those in a money market fund, however, they are usually managed to short interest rate exposures. This underlying fund may invest in enhanced cash funds that allow gearing.
- 8 The underlying fund may allocate up to 30% to other assets which may include, but is not limited to, infrastructure, mortgages (including mezzanine mortgages), private equity, opportunistic property, absolute return funds, commodities and real return strategies. Exposure to other assets aims to enhance the underlying fund's diversification and may help reduce volatility.
- 9 The underlying fund may invest in shares listed on or proposed to be listed on any recognised Australian exchange.

UNDERLYING INVESTMENTS

The following table provides details of the PST's underlying investments in unlisted managed investment schemes that had a value in excess of 5% of the PST's total assets as at 30 June 2019. Totals may vary slightly to the sum of the various components due to roundings.

UNDERLYING INVESTMENTS	VALUE OF INVESTMENT (\$M)	PERCENTAGE OF TOTAL PST ASSETS
Perpetual Industrial Share Fund	\$62.014	68.71%
Perpetual Global Share Fund	\$12.779	14.16%
Perpetual Wholesale Smaller Companies Fund	\$5.850	6.48%
Sub-total	\$80.643	89.35%
All other	\$9.617	10.65%
Total PST assets	\$90.260	100.00%

TRUST AND OTHER INFORMATION

THE PST

The PST is a pooled superannuation trust under SIS. The Trustee operates, and intends to continue to operate, the PST as a complying pooled superannuation trust.

TRUST DEED

The Trust Deed dated 21 June 1995 (as amended) is a legal document that sets out the provisions governing the operation of the PST and the rights and obligations of unitholders and the Trustee. The Trustee is responsible for ensuring that the PST operates according to the Trust Deed and that the PST complies with all relevant laws.

Unitholders may inspect the Trust Deed at any time at our website or by arrangement with us.

INQUIRIES AND COMPLAINTS

The Trustee has established procedures for dealing with unitholder inquiries and complaints. If you have an inquiry or a complaint, you can either call us on 1800 022 033 during business hours (Sydney time) or write to:

Client Services
Perpetual Investments
GPO Box 4171
Sydney NSW 2001

We'll acknowledge any complaint in writing within five business days and make every effort to resolve your issue within 30 days of us being notified.

If you do not get a satisfactory outcome or your complaint remains unresolved after 45 days, you may refer it to the Australian Financial Complaints Authority (AFCA), of which we are a member. AFCA is the external dispute resolution scheme established by the Commonwealth Government to deal with complaints from consumers in the financial system. AFCA provides a **free** service for consumers.

Contact details for AFCA are as follows:

Phone 1800 931 678
Email info@afca.org.au
Website www.afca.org.au
Mail Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

ABRIDGED FINANCIAL INFORMATION

The general purpose financial report for the PST has been prepared in accordance with the requirements of the Trust Deed, Australian Accounting Standards, SIS and other relevant legislative requirements. The general purpose financial report for the PST also complies with the International Financial Reporting Standard (IFRS).

Abridged financial statements are provided in Appendix 1 for the information of unitholders. Copies of the full audited financial statements and auditor's report are available upon request.

ALLOCATION OF INVESTMENT EARNINGS

All income, including realised and unrealised capital gains, losses and expenses are brought to account for each investment option and are fully reflected in the unit price of that investment option. Provision for income tax, as appropriate, is allowed for in the unit price for each investment option.

INTEREST EARNED ON APPLICATION AND WITHDRAWAL ACCOUNTS

Application money and proceeds of withdrawal requests are held in trust accounts before they're processed. A member of the Perpetual Group retains any interest earned on these accounts.

SUSPENSION OF APPLICATIONS, SWITCHES AND WITHDRAWALS

In certain emergency situations which impact on the effective and efficient operation of a market for an asset held by an investment option or in circumstances where we otherwise consider it to be in the interests of investors, we may choose to suspend the processing of all applications, switches or withdrawals for that investment option. This may include situations where:

- we cannot properly ascertain the value of an asset held by the investment option
- an event occurs that results in us not being able to reasonably acquire or dispose of assets held by the investment option
- an underlying fund suspends applications and withdrawals
- the law otherwise permits us to delay or restrict processing applications or withdrawals.

Applications, withdrawals or switch requests received during the suspension will be processed using the entry and/or exit price applicable when the suspension is lifted.

In addition, the Trustee can suspend the payment of a withdrawal for up to 30 days from the date the withdrawal notice was received if the Trustee considers it appropriate.

APPENDIX 1: ABRIDGED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$,000	2018 \$,000
INVESTMENT INCOME		
Distributions	5,754	6,362
Net changes in fair value of investments	(2,348)	127
Interest	-	1
Other income	805	891
Total net investment income/(loss)	4,211	7,381
Income tax benefit/(expense)	735	(9)
Changes in net assets attributable to unitholders	4,946	7,372

BALANCE SHEET AS AT 30 JUNE 2019

	2019 \$,000	2018 \$,000
ASSETS		
Financial assets at fair value through profit or loss	84,937	95,747
Receivables	4,599	5,173
Current tax assets	724	-
Total assets	90,260	100,920
LIABILITIES		
Payables	45	27
Current tax liabilities	-	19
Total liabilities	45	46
Net assets attributable to unitholders	90,215	100,874

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